R.C.C.No. 63

RAILWAY CONVENTION COMMITTEE (1985)

(EIGHTH LOK SABHA)

THIRTEENTH REPORT

RATE OF DIVIDEND FOR 1989-90 AND OTHER ANCILLARY MATTERS

Presented in Lok Sabha on 22-2-1989
Laid in Rajya Sabha on 22-2-1989

LOK SABHA SECRETARIAT
NEW DELHI

February, 1989/Phalguna, 1910 (S)

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CORRIGENDA TO 13TH REPORT OF THE RAILWAY CONVENTION COMMITTEE (1985)

Page	Line	For	Read
9	41	burdens	burdens borne
10	4	present	presented
10	11	need	needs
11	27	higher	a higher
11	32	closer	closer to
13	28	stratrgic	strategic

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RAILWAY CONVENTION COMMITTEE
(1985)

Shri Subhash Yadav— *Chairman*

MEMBERS

Lok Sabha

2. Shri Basudeb Acharia
3. Shri B. Devarajan
4. Prof. Narain Chand Parashar
5. Shri Vijay N. Patil
£6. Shri Ajit Panja
7. Shri Ram Dhan
8. Shri Ram Ratan Ram
*9. Shri Madhavrao Scindia
10. Shri S. Thangaraju
11. Shri V. Tulsiram
**12. Shri Kailash Yadav

Rajya Sabha

***13. Shri Ram Chandra Vikal
&14. Shri Mostafa Bin Quasem
@15. Shri Dharni Dhar Basumatari
16. Shri Bhagat Ram Manhar
@@17. Shri S.B. Chavan
18. Shri P. Upendra

SECRETARIAT

1. Shri R.D. Sharma — *Joint Secretary*
2. Smt. Paramjeet Kaur — *Under Secretary*

£ Nominated on 9.2.1989 *vice* Shri Janardhana Poojary resigned w.e.f. 28.12.1988.

* Nominated on 27.1.86 *vice* Shri Manvendra Singh resigned w.e.f. 11.12.1985.

** Nominated on 26.12.86 *vice* Shri Bansi Lal ceased to be a Member of Lok Sabha.

*** Nominated on 13.7.88 *vice* Shri Vishwanath Pratap Singh ceased to be a Member of Rajya Sabha w.e.f. 2.4.88

& Nominated on 25 August 1988 *vice* the vacancy caused by the resignation of Shri Dipen Ghosh from the membership of the Committee.

@ Nominated on 13.7.88 *vice* Smt. Amarjit Kaur ceased to be a Member of Rajya Sabha w.e.f. 2.4.88.

@@ Nominated on 22.11.88 *vice* the vacancy caused by the resignation of Shri Kalpnath Rai from the membership of the Committee.

INTRODUCTION

I, the Chairman of Railway Convention Committee (1985) having been authorised by the Committee to submit the Report on their behalf present this Thirteenth Report on the Rate of Dividend payable by the Railway Undertaking to the General Revenues and other Ancillary Matters for the financial year 1989-90.

2. The Ministry of Railways (Railway Board) submitted two separate memoranda containing proposals for payment of dividend to the general revenues for the entire quinquennium 1985-86 to 1989-90 and other ancillary matters. The Committee will consider these two memoranda while giving their final report. In the meantime, the Ministry of Railways (Railway Board) submitted their fourth Interim Memorandum on Dividend payable by Railways to the General Revenues, contribution to the Railway Depreciation Reserve Fund and the Railway Pension Fund etc. for the year 1989-90. The Committee considered the memorandum on 21 February 1989. This Report of the Committee was also adopted on the same day. Minutes of the sitting form Part-II of the Report.

3. The Committee wish to express their thanks to the Ministry of Railways (Railway Board) for placing before them all the information and material in connection with the examination of the subject.

4. A statement of the recommendations of the Committee contained in this Report is at Appendix III.

SUBHASH YADAV
Chairman,
Railway Convention Committee.

NEW DELHI;
February 21, 1989
Phalguna 2, 1910 (S)

REPORT

In pursuance of the Resolution adopted by Lok Sabha on 20 March 1985 and concurred in by Rajya Sabha on 28 March 1985, the Railway Convention Committee, 1985 was constituted on 21 May 1985 to review the rate of dividend which is at present payable by the Railway Undertaking to General Revenues as well as other ancillary matters in connection with the Railway Finance vis-a-vis the General Finance and make recommendations thereon.

2. Based on an interim memoradum submitted by the Ministry of Railways on 28 December 1987, the Railway Convention Committee, 1985, had made certain recommendations in regard to rate of dividend for the year 1988-89 and other ancillary matters in their Tenth Report presented to Parliament on 23 February 1988. The Resolution approving the recommendations made in paragraphs 11 to 14 of the Tenth Report was moved in Lok Sabha on 21 March 1988 by the Minister for Railways and was also adopted on that day.

3. The recommendations contained in the Tenth Report and action taken by Government thereon are indicated in Appendix I.

4. In pursuance of the recommendations of the Railway Convention Committee (1985) contained in their Seventh Report on Rate of Dividend for 1987-88, the Ministry of Railways submitted two separate memoranda containing proposals for payment of dividend to the General Revenues for the entire quinquennium 1985-86 to 1989-90 and other ancillary matters. The Committee will consider these two memoranda while giving their final Report.

In the meantime, the Ministry of Railways (Railway Board) furnished their fourth Interim Memorandum on dividend payable by Railways to General Revenues, contribution to Railway Depreciation Reserve Fund, Railway Pension Fund, Interest on Railway funds and Loan to Development Fund etc. The Ministry of Railways have, in their fourth Interim Memorandum, submitted for the consideration of the Committee whether pending the final recommendations of the Railway Convention Committee, the recommendations which were the basis for preparation of the budgets for 1986-87, 1987-88 and 1988-89 may generally be made applicable for the year 1989-90 also.

Dividend Payment to General Revenues

5. The Ministry of Railways have made the following proposals for the consideration of the Committee:

> "Dividend to General Revenues is at present being paid at 6% on the capital invested on Railways excluding Metropolitan Transport Projects up to 31.3.1980 (inclusive of payment to States in lieu of passenger fare tax etc.) and 6.5 per cent on capital invested thereafter.....Pending the final recommendations of the Committee, it is proposed for their consideration whether the present rate of dividend may, provisionally, be adopted for the year 1989-90 also as was agreed to for the year 1988-89. All other concessions now available, as listed in the Appendix-II may also be allowed to continue in the meantime."

Depreciation Reserve Fund

6. The Railway Convention Committee (1985) in their Tenth Report, approving the proposal of the Ministry of Railways regarding contribution to be made to Depreciation Reserve Fund in 1988-89 had observed as under;

> "The Committee recommend that the contribution to Depreciation Reserve Fund from Railway Revenues may be enhanced to Rs. 1500 crores in 1988-89."

In this connection, the Ministry of Railways have proposed to the Committee as follows:

> "The appropriation to the Fund during the 7th Plan period has been stepped up progressively keeping in view the higher outlay on replacements/renewals. The contribution to DRF has been increased from Rs. 920 crores in 1985-86 to Rs. 1500 crores in the current year, reaching a total of Rs. 5020 crores. Against the revised assessment of Rs. 6670 crores for the VII Plan period, this leaves a balance of Rs. 1650 crores to be contributed in the terminal year, that is, 1989-90. The withdrawals have also progressively increased from Rs. 981.48 crores in 1985-86 to Rs. 1450 crores in the Budget for 1988-89. The balance available in the fund viz. Rs. 188.83 crores at the beginning of 1985-86 has increased to Rs. 452.04 crores at the end of 1987-88 and is placed at Rs. 545.75 crores as per Budget Estimate, 1988-89. The annual Railway Plan for 1989-90 is under finalisation in consultation with the Ministry of Finance and the Planning Commission. The contribution to Depreciation Reserve Fund will depend upon the likely withdrawals and the balance available in the Fund as also the financial position of the Railways. It is, therefore, submitted for consideration of the Committee that the contribution to Depreciation Reserve Fund in 1989-90 may be made by the Railways at Rs. 1715 crores so as to ensure adequate internal generation of revenues to finance the plan expenditure for 1989-90."

Pension Fund

7. The Railway Convention Committee has, in their Tenth Report, approving the recommendations of the Ministry of Railways regarding contribution to be made to Pension Fund in 1988-89, observed as follows:

> "The Committee recommend that the contribution to Pension Fund to which appropriation was Rs. 450 crores in 1987-88 be suitably enhanced in 1988-89, keeping in view the increasing number of railway pensioners and reliefs granted from time to time including the reliefs sanctioned in terms of the Fourth Pay Commission's recommendations for pensioners."

In this regard, the Ministry of Railways have submitted:

> "Keeping in view the above recommendation, the appropriation to Pension Fund was increased to Rs. 550 crores during 1988-89. It is, however, pertinent to mention that during the past few years the withdrawals from the Fund have exceeded the contribution resulting in reduction in balances in the Fund. The closing balance in Pension Fund which was Rs. 432.26 crores in 1984-85 was reduced to Rs.411.82 crores in 1985-86, Rs. 363.89 crores in 1986-87 and Rs. 208.02 crores in 1987-88. It is considered desirable to reverse this trend gradually. Keeping this in view and also the likely withdrawals in the current year and the next year it is submitted for the consideration of the Committee whether the contribution to Pension Fund may be suitably enhanced in 1989-90 keeping in view the financial position of the Railways."

Interest on Railway Funds and Loan to Development Fund

8. The Railway Convention Committee (1985) had, in their Tenth Report, recommended:

> "The Committee recommend that the balances in the various Railway Reserve Funds (other than Development Fund) may carry the same rate of interest as the rate of dividend and the rate of interest on the balacne in Development Fund may be the same as the rate of interest on loan from General Revenues for Development Fund Works for the purpose of Budget Estimate for 1988-89."

The Ministry of Railways has submitted for the consideration of the Committee whether the above recommendations may also be made applicable for the year 1989-90 also.

9. The Committee recommend that the dividend to General revenues and subsidy from the General Revenues to the Railways may be computed for the year 1989-90 at the rate of 6 per cent on the capital invested on the Railways up to 31 March 1980 (inclusive of 1.5 per cent on the capital invested up to 31 March 1964, less the capital qualifying for subsidy, for payment to States as grant in lieu of Passenger Fare Tax etc. and contribution for assisting the States for financing safety works) and 6.5 per cent on capital invested thereafter.

10. The Committee also recommend that the balance in the various Railway Reserve Funds (other than Development Fund) may carry the same rate of interest as the rate of dividend, and the rate of interest on the balance in Development Fund may be the same as the rate of interest on Loan from General Revenues for Development Fund Works for the purpose of the Budget Estimates for 1989-90.

11. The Committee also recommend that the contribution to Depreciation Reserve Fund from Revenue may be provided at Rs. 1715 crores in 1989-90 so as to ensure adequate internal generation of revenues to finance the plan expenditure for 1989-90.

12. The Committee are concerned to note that during the past few years, the withdrawals from the Pension Fund have exceeded the contribution resulting in reduction in balances in the Fund. The closing balance in the Pension Fund which was Rs. 432.26 crores in 1984-85 was reduced to Rs. 208.02 crores in 1987-88. The Committee, therefore, recommend that the contribution to Pension Fund to which appropriation was Rs. 550 crores in 1988-89 be suitably enhanced in 1989-90 in order to reverse the above trend.

13. The Committee had earlier agreed with the observations of the Railway Reforms Committee that the capital investment on all new lines should not attract dividend liability and that if, in any year, these lines after their opening to traffic show a surplus on marginal costing principle, the surplus should be transfered to General Revenues upto the level of normal dividend for that year. However, the Ministry of Railways (Railway Board) have now in their reply to the recommendation contained in Para 15 of their 10th Report, requested the Railway Convention Committee that 75 per cent of the annual loss, if any, for working such lines should be borne by the General Revenues and the remaining 25 per cent by the Railways. They have also suggested that the Railways should be freed from maintaining the deferred dividend liability on new lines and the existing deferred liability on this account should be extinguished.

14. The Committee are of the view that instead of 75% of the annual loss, if any, for working of new lines 40 per cent should be borne by the Railways and the remaining 60 per cent by the General Revenues. As for deferred dividend liability on new lines, the Committee see no justification for extinguishing the deferred dividend liability.

NEW DELHI;
February 21, 1989
Phalguna 2, 1910(S)

SUBHASH YADAV,
Chairman,
Railway Convention Committee.

APPENDICES

APPENDIX I

(Vide Para 3)

Statement showing the recommendations contained in the Tenth Report of the Railway Convention Committee (1985) on Rate of Dividend for 1988-89 and other Ancillary Matters & Action taken thereon

Sl. No.	Para No.	Recommendation	Action Taken by Govt.
1	2	3	4
1	11	The Committee recommend that the dividend to General Revenues and subsidy from the General Revenues to the Railways may be computed for the year 1988-89 at the rate of 6% on the capital invested on the Railways upto 31.3.1980 (inclusive of 1.5% on the capital invested upto 31.3.1964, less the capital qualifying for subsidy, for payment to States as grant in lieu of Passenger Fare Tax, and contribution for assisting the States for financing Safety Works) and 6.5% on capital invested thereafter.	The Recommendation of the Committee has been accepted and implemented in the Railway Budget for 1988-89.
2	12	The Committee recommend that the balances in the various Railway Reserve Funds (other than Development Fund) may carry the same rate of interest as the rate of dividend, and the rate of interest on the balance in Development Fund may be the same as the rate of interest on loan from General Revenues for Development Fund Works for the purpose of Budget Estimate for 1988-89.	The Recommendation of the Committee has been accepted and implemented in the Railway Budget for 1988-89.
3	13	The Committee recommend that the contribution to Depreciation Reserve Fund from Revenue may be enhanced to Rs. 1500 crores in 1988-89.	The Recommendation of the Committee has been accepted and implemented in the Railway Budget for 1988-89.

1	2	3	4
4	14	The Committee recommend that the contribution to Pension Fund to which appropriation was Rs. 450. crores in 1987-88 be suitably enhanced in 1988-89, keeping in view the increasing number of Railway pensioners and reliefs granted from time to time including the reliefs sanctioned in terms of the Fourth Pay Commissions' recommendations for pensioners.	The Recommendation of the Committee has been accepted and implemented in the Railway Budget for 1988-89, by raising the amount of appropriation to Rs.550 crores.
5	15	The Committee note that from the 31 lines which enjoy relief, 18 lines are showing positive returns in the years 1984-85 and 1985-86. The Railway Reforms Committee had in this connection observed that the capital investment of all new lines should not attract dividend liability and that if these lines after their opening to traffic show a surplus on marginal costing principle, the surplus should be transferred to general revenues upto the level of normal dividend for that year. The Committee agree with the above observation and would like the above recommendation to be implemented by the Ministry of Railways.	Based upon the recommenadations of the Railway Reforms Committee, in connection with dividend payable on New Lines, Railways have made the following proposals in the Final Memorandum on subject No.13 on Dividend submitted for the Railway Convention Committee's consideration on 10th july, 1987- (a) the capital investment of all New Lines should not attract dividend liability. If, however, in any year, these lines, after their being opened to traffic, show a surpuls on, marginal costing principles the surplus should be transferred to General Revenues up to the level of normal dividend for that year. (b) 75% of the annual loss, if any, for working such lines should be borne by the General Revenues and the remaining 25% by the Railways. (c) the Railways should be freed from maintaining deferred dividend liability on New Lines and the existing deferred liability on this account should be extinguished.

1	2	3	4
			While noting for implementation the recommendation of the Railway Convention Committee in respect of item no. (a) above the Ministry of Railways would like to submit that the other aspects of the proposals earlier submitted by the Railways vide items (b) and (c) above may kindly be considered by the Committee.
6	16	The Committee had sought the views of Ministries of Railway/Finance about restoring the element of contribution in the rate of dividend in their Seventh Report on rate of dividend for the year 1987-88. It is relevant to point out that the Ministry of Railways have since established Indian Railway Finance Corporation for raising funds through public borrowings first at the rate of 10%, to supplement their investment plans. If the buoyancy of railway earnings permit public borrowings at higher rate of interest, there is sufficient justification to compensate the general revenues by providing higher rate of interest. The Committee recommend that the Government should give a careful thought to this question and provide suitable element of contribution to be included in the rate of dividend.	In pursuance of Recommendation No. 8 (Para No. 14) made by the Railway Convention Committee (1985) in their Seventh Report on "Rate of dividend for 1987-88 and other Ancillary Matters", necessary submissions have already been made in the Final Memorandum on subject No. 13 on "Dividend" submitted for Committee's consideration on 10th July, 1987. Railways had brought out therein, inter-alia, the views on the question of 'contribution' of the Railway Reforms Committee who had recommended not only that the practice of levying 'contribution' be given up, but that Railways be given a relief to the extent of Rs. 500 crores being the contribution made in earlier years. It was submitted to the Convention Committee that this may be accepted and a decision on dividend may be taken duly keeping in view the social burdens by the Railways as also the tariff restraint exercised by the Railways in public interest.

1	2	3	4
			The Railway Convention Committee, in their 6th Report on Resource Mobilisation present in the Parliament on 2nd December, 1986, had dealt with the question of public borrowing for augmenting Railway Plan finances. Keeping in view the dire need to provide additional finances to match the need of the Railway transport for the future development of the country the Committee felt that repeated issues of bonds/ public borrowings to raise funds may have to be resorted to, and agreed, in that event, to the Government issuing separate bonds earmarked for Railways or a bigger Corporation being set up under the Ministry of Finance for raising funds for Government Companies. In view of the size of the Railways' essential investment needs which could not be met by the budgetary support likely to be available from Government on account of the overall constraint on resources, and by the internal generation of resources by the Railways, the decision to float Railway bonds for Rs. 250 crores was taken. The requirement of Railways' Seventh Plan totalled Rs. 18500 crores. The allotment that the Planning Commission could make from the available resources amounted to Rs. 12,334 crores only. As a midterm appraisal, the Planning

1	2	3	4
			Commission has been approached to refix Rlys. 7th Plan outlay at Rs. 16715 crores. Approval of Planning Commission thereto is, however, awaited. This latter figure includes a tentative amount of Rs.1720 crores proposed to be raised through public borrowings. If the borrowings are not resorted to, the size of the Railway Plan would be corespondingly smaller, and it would become necessary to shelve some essential components of the Railways' Seventh Plan. This would seriously undermine the capacity expansion required for moving the traffic projected for Railways at the end of the Seventh Plan. It is, therefore, submitted that resort to market borrowings was made not because of buoyancy of Railway earnings with which higher cost of capital could be supported but because of the compelling need to raise additional resources so that Railways' Plan size could be taken closer the essential and need-based requirement. The additional burden on the Working Expenditure of the Railways on account of the lease charges to be paid to the Indian Railways Finance Corporation in the current Plan period is estimated to be about Rs.440 crores (It may be mentioned that this includes not

1	2	3	4
			only the element of interest but also an element towards repayment of capital extending over a period of 10 years. Thereafter, it may be possible for the Railways to acquire these assets at a nominal price or continue leasing arrangements at much lower rate). The contribution to the Depreciation Reserve Fund and Pension Fund have also had to be raised substantially compared to some years past, and are now (B.E. 1989) at Rs. 1500 Cr. and Rs. 550 Cr., respectively. Taking these factors into account and also making realistic assessment of additional earnings that can be realised through increased transportation effort, revision of tariff, and improved productivity, there is a strong case for affording some relief in the dividend liability. Considering the state of Railway Finances, the enormous tasks of rehabilitation and development facing them and the heavy social burden borne by them, it is requested that Railways may not be called upon to make a contrubution to General Revenues over and above the dividend which may be determined as per proposals submitted to the Committee earlier.

APPENDIX II

(vide Para 5)

The rate of dividend on the Capital at Charge of the Railways and reliefs in dividend and by way of subsidy, based on the recommendations of the Railway Convention Committee (1980) applicable upto 1984-85 are as under:—

I. Dividend

(i) The rate of dividend is 6 per cent on Capital invested on the Railways upto 31-3-1980, including 1.5 per cent on the capital invested upto 31-3-1964 (less capital qualifying for subsidy) for contribution for grants to States for financing Safety works in lieu of Passenger Fare Tax and Contribution for assisting the States.

(ii) The rate of dividend is 6.5 per cent on Capital invested from 1-4-1980 onwards.

II. A concessional dividend of 3.5 per cent is payable on the capital cost of residential buildings.

III. In respect of the capital invested on new lines, excluding the 28 new lines taken up on or after 1-4-1955 on other than financial considserations, the dividend payable is to be calculated at the average borrowing rate for each year but deferred during the period of construction and the first five years after opening of the lines for traffic. The deferred liability is to be paid out of the future surpluses of the lines after payment of current dividend. The account of unliquidated deferred dividend liablility on new lines is to be closed after a period of 20 years from the date of their opening, extinguishing any liability not liquidated within that period.

IV. Losses in the working of stratrgic lines are borne by the General Revenues. Surplus, if any, of such lines, after meeting working expenses, depreciation and other charges are paid to General Revenues upto the level of normal dividend.

V. Shortfall, if any, in the payment of dividend on account of inadequacy of net revenue is treated as a deferred liability on which no interest is charged.

VI. *Subsidy from General Revenues:*

Capital invested in the following cases qualifies for subsidy from the General Revenues to the extent of the dividend calculated at the rates specified above:

(a) Strategic lines.

(b) 28 new lines taken up on or after 1-4-1955 on other than financial considerations dividend becomes payable if any line becomes remunerative adopting the marginal cost principle. The arrangement is to be applied also to the two National Investments viz. Jammu-Kathua and Tirunelveli-Kanya-Kumari-Trivandrum line.

(c) Northeast Frontier Railway (Non-Strategic portion).

(d) Unremunerative Branch lines subject to their unremunerativeness being established on the marginal cost principal in each case through an annual review of their financial results.

(e) The Ore Lines between Bimalgarh-Kiriburu and Samballpur-Titlagar.

(f) Ferries and Welfare buildings.

(g) 50% of the capital invested on all works in the current year and in the two previous years, excluding capital invested in strategic lines, North-East Frontier Railway(Commercial), Ore lines, Jammu-Kathua and Tirunelveli-Kanya Kumari-Trivandrum Lines, Ferries and Welfare buildings and unremunerative branch lines which qualify in full for subsidy, capital invested in new lines on which the dividend payable is deferred during the period of construction and the first five years after opening of the lines for traffic, and the capital cost of line wires taken over from the P&T Departments.

APPENDIX III

Statement of Recommendations/Conclusions

S.No.	Para No.	Recommendations/Conclusions
1	2	3
1	9	The Committee is recommend that the dividend to General Revenues and subsidy from the General Revenues to the Railways may be computed for the year 1989-90 at the rate of 6 per cent on the capital invested on the Railways up to 31 March 1980 (inclusive of 1.5 per cent on the capital invested up to 31 March 1964, less the capital qualifying for subsidy, for payment to States as grant in lieu of Passenger Fare Tax etc. and contribution for assisting the States for financing safety works) and 6.5 per cent on capital invested thereafter.
2	10	The Committee also recommend that the balance in the various Railway Reserve Funds (other than Development Fund) may carry the same rate of interest as the rate of dividend, and the rate of interest on the balance in Development Fund may be the same as the rate of interest on Loan from General Revenues for Development Fund Works for the purpose of the Budget Estimates for 1989-90.
3	11	The Committee also recommend that the contribution to Depreciation Reserve Fund from Revenue may be provided at Rs.1715 crores in 1989-90 so as to ensure adequate internal generation of revenues to finance the plan expenditure for 1989-90.
4	12	The Committee are concerned to note that during the past few years, the withdrawals from the Pension Fund have exceeded the contribution resulting in reduction in balances in the Fund. The closing balance in the Pension Fund which was Rs.432.26

1	2	3
		crores in 1984-85 was reduced to Rs.208.02 crores in 1987-88. The Committee, therefore, recommend that the contribution to Pension Fund to which appropriation was Rs.550 crores in 1988-89 be suitably enhanced in 1989-90 in order to reverse the above trend.
5	13	The Committee had earlier agreed with the observations of the Railway Reforms Committee that the capital investment on all new lines should not attract dividend liability and that if, in any year, these lines after their opening to traffic show a surplus on marginal costing principle, the surplus should be transferred to General Revenues upto the level of normal dividend for that year. However, the Ministry of Railways (Railway Board) have now in their reply to the recommendation contained in Para 15 of their 10th Report, requested the Railway Convention Committee that 75 per cent of the annual loss, if any, for working such lines should be borne by the General Revenues and the remaining 25 per cent by the Railways. They have also suggested that the Railways should be freed from maintaining the deferred dividend liability on new lines and the existing deferred liability on this account should be extinguished.
6	14	The Committee are of the view that instead of 75% of the annual loss, if any, for working of new lines 40 per cent should be borned by the Railways and the remaining 60 per cent by the General Revenues. As for deferred dividend liability on new lines, the Committee see no justification for extinguishing the deferred dividend liability.

PART II

Minutes of the sitting of the Railway Convention Committee (1985) held on 21 February, 1989

PART II

MINUTES OF THE 50TH SITTING OF THE RAILWAY CONVENTION COMMITTEE HELD ON 21.2.1989

Fiftieth sitting of the Railway Convention Committee was held on Tuesday, the 21st February 1989 from 1600 hours to 1645 hours in Committee Room No. 50, Parliament House, New Delhi. The following Members were present in the meeting:

Shri Subhash Yadav— *Chairman*

MEMBERS

Lok Sabha

2. Prof. Narain Chand Parashar
3. Shri Vijay N. Patil
4. Shri Ram Ratan Ram

Rajya Sabha

5. Shri Dharnidhar Basumatari
6. Shri Bhagatram Manhar
7. Shri P. Upendra

SECRETARIAT

1. Shri R.D. Sharma, *Joint Secretary*
2. Smt. Paramjeet Kaur, *Under Secretary*
3. Shri R.C. Gupta, *Financial Committee Officer.*

2. The Committee considered and adopted the Draft Report on Rate of Dividend for 1989-90 and other Ancillary Matters subject to amendments/modifications as shown in the Annexure.

3. The Committee also authorised the Chairman to make consequential changes as might become necessary and present the Report to the House.

* * *

Thereafter, the Committee adjourned.

ANNEXURE

Amendments/modifications made by the Committee in the Draft Report on rate of dividend for 1989-90 and other ancillary matters

Page	*Para*	*Line*		*Amendments/Modifications*
4	–	*3-6*	*For*	"at Rs. 1650 crores..... for the year"
			Read	at Rs. 1715 crores so as to ensure adequate internal generation of revenues to finance the plan expenditure for 1989-90"
6	*11*	*3-5*	*For*	"at Rs. 1650 crores in 1989-90 subject to minor revision keeping in view the likely withdrawals, balances in the Fund and the projected final results for the year"
			Read	"at Rs. 1715 crores in 1989-90 so as to ensure adequate internal generation of revenues to finance the Plan expenditure for 1989-90"
7	–	*2-3*	*For*	"However, the Ministry of Railways (Railway Board) have now also requested"
			Read	"However, the Ministry of Railways (Railway Board) have now in their reply to the recommendations contained in Para 15 of their Tenth Report, requested"
7	*14*	*3-4*	*For*	"50 per cent should be borne by the Railways and remaining 50 per cent by the General Revenues"
			Read	"40 per cent should be borne by the Railways and remaining 60 percent by the General Revenues"